



Keep an Eye Out for Tax Preparation Fraud

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MADISON – As we enter another tax season, two issues stand out as particularly important when prepping for your return: making sure you have all your necessary documents and finding a company you can trust to help you file your taxes. After all, you are entrusting this company or individual with your most valuable personal and financial information. The Wisconsin Department of Agriculture, Trade and Consumer Protection (DATCP) asks the public to be on the lookout for questionable tax practices in the months ahead and to report any suspicious behavior to the agency.

“By and large, Wisconsin tax preparation businesses are legitimate and provide an extremely valuable service to consumers,” said Frank Frassetto, Division Administrator for Trade and Consumer Protection. “A handful of shady businesses pop up each year, however, collecting personal financial information under false pretenses or secretly filing customer’s tax returns and stealing from the refund.

“We ask that consumers who see questionable tax practices contact DATCP immediately so that we can take quick action.”

A common type of tax and loan scam involves tax prep businesses filing returns on behalf of consumers without their consent. These businesses initially solicit the consumers with a promise of providing short-term loans and then pocket exorbitant fees from the tax refunds they file in the consumer’s name.

Here are some tips to avoid becoming the victim of tax preparation fraud:

- Be alert to promotions such as “holiday loans” or other short-term loans that can be used to gain the personal financial information needed to file an individual’s tax return.
- Be careful providing personal financial information to a business unless you want the preparer to file your taxes. Make sure you provide clear direction and that the company specifically advises you on whether they intend to file your tax return.
- Never sign an authorization permitting a company to file your taxes if you do not want the company to do so.
- Never sign a document without first reading and understanding what it says.
- Always insist upon receiving copies of all documents that you are required to sign or that identify the terms of a transaction and the charges you will be required to pay. Confirm, before signing, that you will receive copies. If a business does not agree to provide copies, don’t sign.

DATCP works with the Wisconsin Departments of Justice and Revenue to detect tax preparation fraud. Anyone suspecting fraudulent activity is encouraged to file a complaint with DATCP. Complaints can be filed online through the DATCP website (<http://datcp.wi.gov>) or a complaint form can be requested by calling the state’s Consumer Protection Hotline at 1-800-422-7128.

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